

2012 Voice of the Customer Executive Summary Report

The Rockford Area Economic Development Council meets with more than 100 local employers every year to engage the business community in comprehensive, detailed conversations about the business climate and economic landscape of the Rockford Region. These structured, in-person discussions are called the Voice of the Customer (VOC) Survey. VOCs are designed to answer several important questions:

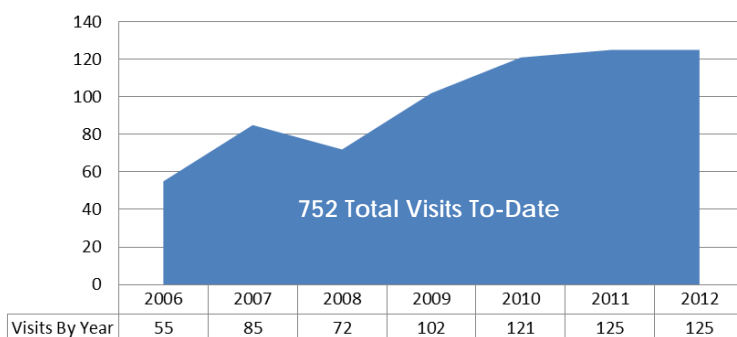
- ⇒ What are the perceived competitive strengths of our region for doing business?
- ⇒ What steps can the community take to help our businesses better compete globally?
- ⇒ What are the perceived barriers to growth and expansion for local businesses?

By taking the time to relay their insights, survey participants provide input for initiatives that:

- ⇒ develop targeted community growth plans
- ⇒ prioritize improvement opportunities
- ⇒ identify where resources and advocacy for future infrastructure and development should be allocated

2012 marks the ninth year of the VOC visitation program translating into more than 700 visits to-date. This report will provide an overview of the 2012 VOC survey results including possible approaches to overcoming common potential barriers to growth identified through the survey.

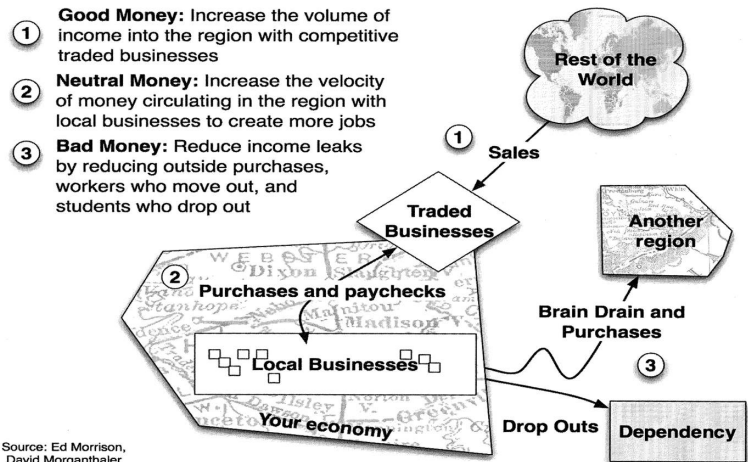
VOC Annual Visits



Survey Population

The vast majority of Voice of the Customer participants are **primary employers**, businesses that can sell goods and services outside of our region, creating wealth through an in-flow of new dollars.

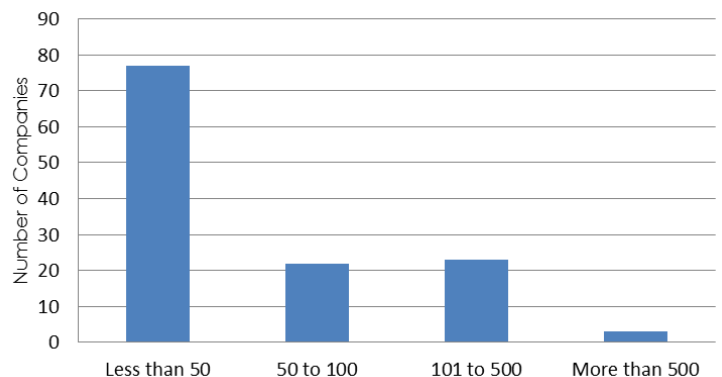
Economic Development in a Nutshell



The primary role of the Rockford Area Economic Development Council (RAEDC) is to collaboratively enhance wealth creation in the Rockford Region by helping employers retain and create quality jobs—thereby positively influencing the amount of good money that comes into the region.

A total of 125 businesses participated in the 2012 VOC. These companies represent more than 12,400 employees in our region (7% of the workforce).

2012 Survey Population by Company Size



The majority of businesses in the Rockford Region have a company size of less than 50 employees.

A wide variety of industry segments were represented with more than half of the visited companies' primary products and services being directly related to manufacturing.

2012 Companies Surveyed By Business Sector

Business Sector	Number of Companies	Number of Employees	PCT of Companies	PCT Employees
Aerospace and Aviation (Non-manufacturing)	5	206	4.0%	1.7%
Arts, Entertainment, Accommodations and Culture	2	1811	1.6%	14.6%
Banking, Financial, Insurance or Tax Services	6	304	4.8%	2.4%
Construction	3	1049	2.4%	8.4%
Education	3	263	2.4%	2.1%
Hospitals or Health Services	2	368	1.6%	3.0%
Professional Services	6	132	4.8%	1.1%
Logistics and Import/Export Assistance	8	1057	6.4%	8.5%
Manufacturing	70	6095	56.0%	49.1%
Media, Public Relations or Marketing	2	41	1.6%	0.3%
Retail Trade	2	379	1.6%	3.1%
Services	12	589	9.6%	4.7%
Wholesale Trade	4	122	3.2%	1.0%
Total	125	12416	100%	

Assistance Provided

The VOC conversation is designed to identify goals for medium to long-term strategic planning and programming. During these conversations opportunities to connect company leaders to resources and assistance that can help their businesses immediately often emerge. 121 assistance actions were identified throughout the course of 2012, all of which were followed-up on and closed.

Expansion and Employment Forecast

More than **34 percent of the companies surveyed in 2012 expressed plans to expand capacity** over the next three years, slightly up from the 31 percent that acknowledged plans to expand in our region for 2011. These expansions represent **a potential \$92 million in capital investment, 271,000 sq. ft. of new space and 453 new jobs.**

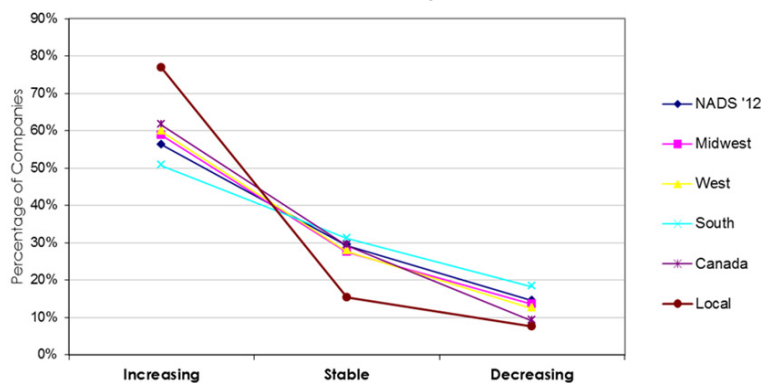
Of the 80 primary employers surveyed, **77 percent indicated that total company sales are increasing**, which is well above the North American Data Study (NADS) average of 56 percent.

Did You Know?

The **2012 North American Data Study** ©Blane, Canada Ltd. is a comprehensive study summarizing the results of over 16,800 executive interviews (in 32 states and 3 Canadian provinces), all of which capture the insights and attitudes toward business climate from company leaders throughout North America.

Although our region has more companies reporting sales growth than the NADS average, we have fewer companies expressing plans to expand, signaling reluctance to increase spending on capital investment and add employees.

Total Company Sales



Source: 2012 VOC, NADS '12

The strong increase in sales reported by local companies is consistent with data gathered from the Bureau of Economic Analysis. Our region's inflation-adjusted Gross Metropolitan Product (GMP) increased by 2.2 percent to \$11.3 Billion in 2011 (96.7% of pre-recession peak). The region's economy grew faster than the State of Illinois' (+1.3%) and the U.S.'s (+1.5%).

The region's manufacturing GMP grew 8.7 percent to \$3.3 Billion in 2011, outpacing the state manufacturing growth rate of 5 percent and doubling the U.S. rate of 4.3 percent.

Greatest Achievements

The 2007-2009 recession officially lasted 18 months (according to the National Bureau of Economic Research), the longest period of any recession since the Great Depression. It is evident in the survey results that many companies were greatly impacted and still feeling the effects of recovery in 2012.

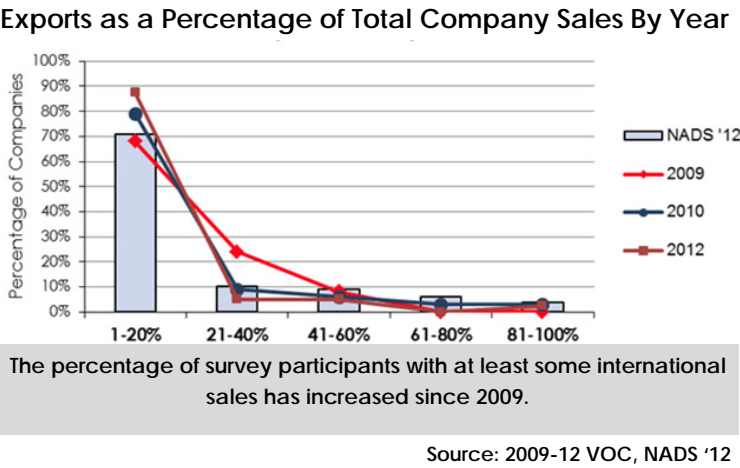
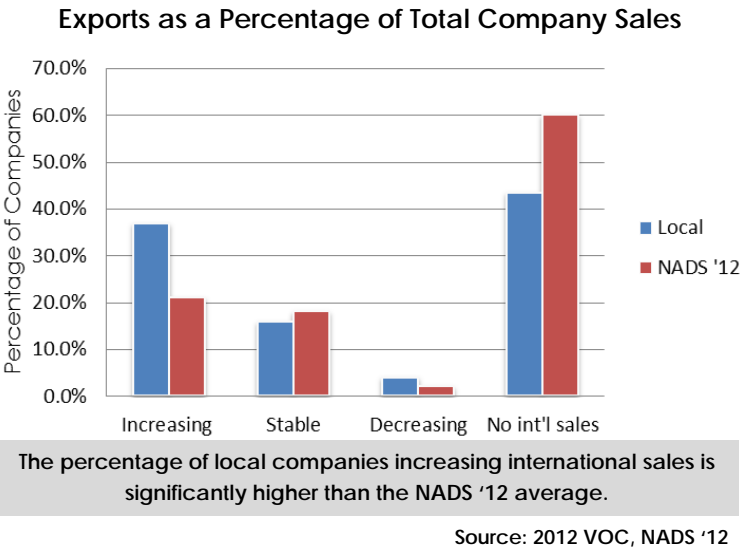
From the 80 primary employers surveyed, 90 company achievements were identified. **Over 30 percent of the achievements related to overcoming business challenges to realize successful outcomes.** Many companies expressed that staying in business throughout the recession

was their most difficult challenge ever and thus their greatest accomplishment. For many companies this was achieved despite a shrinking market and the need to cut costs through productivity gains.

Nationally, the manufacturing industry lost the second largest percentage of jobs (-15.7%) compared to all other industries from 2007-2011, followed only by construction (-26.7%). More than 20 percent of the Rockford Region's total employment is tied directly to manufacturing (nearly twice the national average).

Sustainable Business Practices

⇒ The Rockford Region has identified **Export Growth** as a key driver of job creation, with an estimated one in five jobs in the U.S. attributed to exports. Companies that compete globally are more profitable, diversified and sustainable.



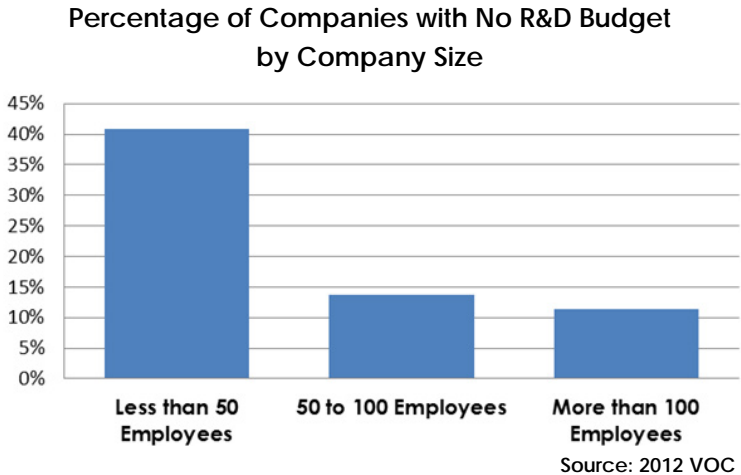
Companies looking to grow exports should contact the Illinois SBDC International Trade Center of the Rockford Area to learn about programs to:

- develop effective market penetration strategies
- establish cost-effective and efficient supply chain management operations
- ensure compliance with trade regulations
- identify potential foreign partners
- access additional resources to elevate international trade

Is Your Company Interested In Learning More About International Growth?

Contact Carrie Zethmayr , RAEDC Director of International Trade, at 815-969-4263 or czethmayr@rockfordil.com.

⇒ **Research and Development (R&D)** enables businesses to develop new processes and products and thus is critical in advancing technology, growing a business, and diversifying a product line. **Over 60 percent of companies indicated that at least some dollars had been spent on R&D in the previous three years.**



Often, R&D Tax Credits are overlooked by small-midsized businesses and entrepreneurs. But any size business that employs engineers or out-sources product testing can claim R&D credits. R&D Tax Credits allow businesses to apply for a dollar for dollar reduction of tax for qualified R&D expenditures.

To Learn More About R&D Tax Credits and What Qualifies visit <http://www.irs.gov/Credits-&-Deductions>.

Competitive Strengths

A significant portion of the VOC survey is designed to identify competitive strengths of the Rockford Region as perceived by the business community. This is done by classifying each open-ended answer into broader categorical conclusions. This determines what areas of strength are top-of-mind for area businesses.

- ⇒ Executives expressed a great level of satisfaction with the **Mix of Businesses and Services** that can be found in the region resulting in increased access to suppliers, a robust regional customer base, strong manufacturing capabilities and great potential for value added business partnerships.
- ⇒ Many business leaders felt that **Positive Community Leadership** is moving the community in the right direction.
- ⇒ The region's **Low Cost of Living** is attractive when compared to other parts of Illinois and similar sized communities throughout the nation.
- ⇒ Manufacturing knowledge and skill levels within the existing workforce are **Workforce/Labor Attributes** that were identified as community assets.

Leveraging Strength in Business Mix and Services

Given the Rockford Region's manufacturing capacity, it is important that we continue to make it easier for companies to source products, services, and supply chain solutions from within our region.

The **Rockford Area Manufacturers (RAM)** group on LinkedIn allows members to post requests for manufacturing services and products to the group so that local companies can respond, quote and express their capabilities. The RAEDC occasionally gets requests from businesses looking to source services or products from within our region which are posted to the group as well. In addition to being a great way to generate sales leads, RAM is also a forum for local manufacturers to exchange ideas, industry reports, articles, recognitions, achievements and suggestions among themselves.

Did You Know?

LinkedIn is the leading online professional directory of companies and individuals. To join RAM (you must be a manufacturer and you must be signed up to LinkedIn - which is free). Simply search for *Rockford Area Manufacturers* under groups and request to join.

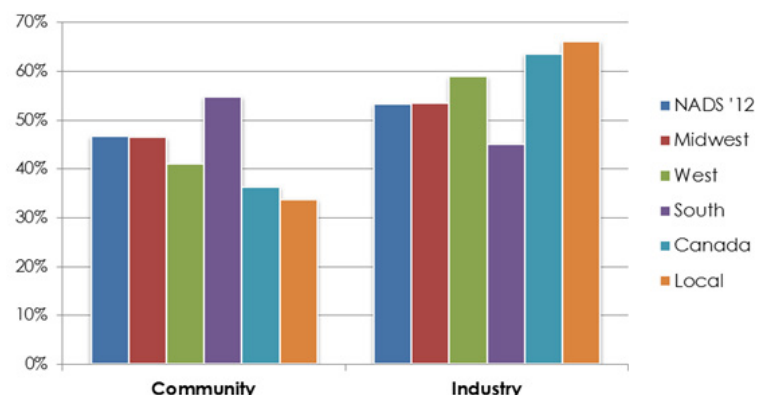
Opportunities for Improvement

Survey participants were asked to identify what areas of concern they believe to be the most important community issues. The issues that were identified could be directly impacting a company's ability to be successful or indirectly affecting the region's ability to be a competitive location for business.

- ⇒ Of the 89 responses given, **11.2 percent of survey participants (well above the NADS average of 3.3%) felt that Quality of Life** is an area of concern for the Rockford Region. **Many of these responses indicated that the negative perception of the quality of life** to those outside of the region weakens the ability to attract new businesses and residents to our region and remain competitive economically. Many responses also indicated that the realities of crime fuel the legitimacy of these perceptions and it is an issue that the community collectively needs to address in earnest and with urgency.
- ⇒ The availability of a **Skilled Workforce** was the most prevalent topic of concern for area businesses and it was also the most prevailing issue in the North American Data Study as a whole.

Since 2006, **the number of responses identifying skilled workforce as a top-of-mind issue has tripled in North American** benchmark data. It is apparent that access to a pipeline of talented, skilled, and qualified people is the #1 issue for business leaders across North America – not just the Rockford Region. An emphasis on talent sourcing and increased competition for quality workers will be a trend that is expected to only increase going forward.

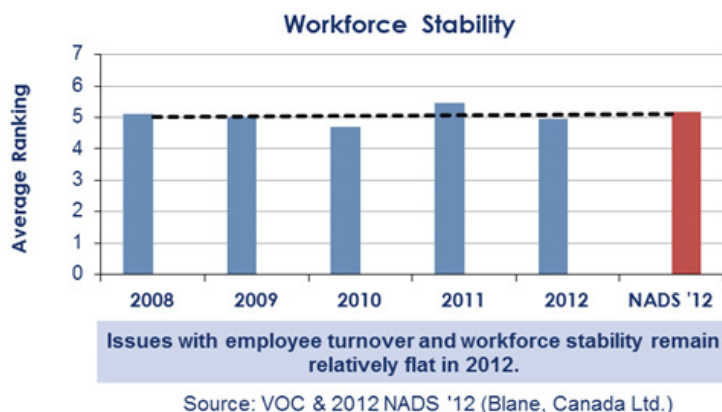
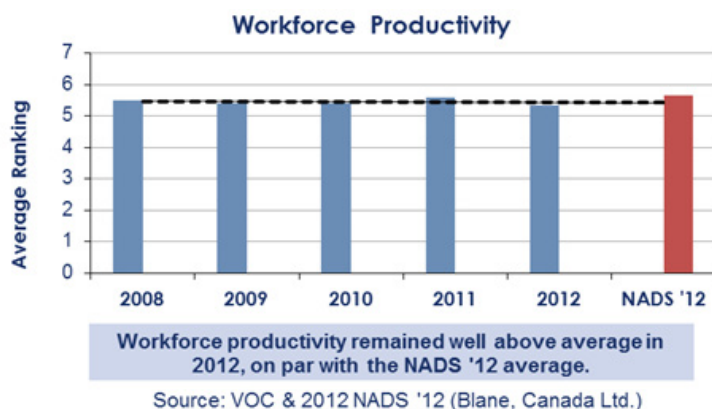
Percentage of Companies That Felt Recruitment Problems Were Limited To...



68 percent of respondents indicated that recruitment problems were not limited to the community, but were problems faced by their respective industries as a whole.

Source: 2012 VOC, NADS '12

Workforce Assessment



⇒ The regional **Business Climate** is an area of concern for business leaders. When going into greater detail, many expressed concern with the State of Illinois' budget concerns, unemployment insurance rates, and workers compensation reform.

Did You Know?

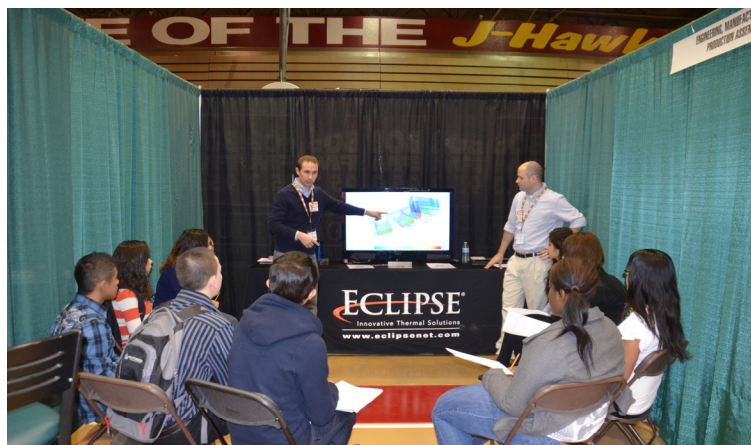
In CNBC's 2012 "Top States for Doing Business" Rankings, Illinois was ranked 26th overall and in Tax Foundation's 2013 "State Business Tax Climate Index," Illinois is ranked 29th overall. Neighboring states Iowa, Wisconsin, and Minnesota were ranked 42nd, 43rd, and 45th respectively.

Barriers to Growth and Expansion

In addition to identifying what areas of improvement are top-of-mind for business leaders, they were also asked to identify barriers to growth. Barriers to growth are issues that are not only of concern but actually play a role in business decision-making in regards to making investments in their company and the community.

⇒ The **Primary and Secondary Educational System** was identified as a significant area of concern for business leaders that could also play a role in their business decision-making, the ability of the region to prosper, and the potential for company growth.

5 percent of interview participants pointed to Educational System Weaknesses as barriers to growth and 21.3 percent identified the K-12 School System as being in need of improvement. Equally, Community Leadership (the feeling that the community is moving in the right direction) was acknowledged as a strength, much of which related to the switch to career academies, a reinvigorated emphasis on career readiness as well as college readiness, and the continued implementation of **Alignment Rockford**.



Students from Jefferson High School learning about career pathways through a presentation from a local company, Eclipse, at the 2011 Academy Expo. The Academy Expo is an initiative of Alignment Rockford.

There has been an outpouring of support for the efforts of Alignment Rockford from the business community as demonstrated by the more than 60 businesses that participated in the Career Academy Expo last year, and the more than 120 that are registered to participate at the Expo in 2013.

Would You Like To Find Out More About Alignment Rockford and Career Academies?

To learn more about how to become involved in the Career Expo or other initiatives visit [\[www.alignmentrockford.com\]](http://www.alignmentrockford.com).

- ⇒ **Cost of Doing Business** was identified as a barrier to growth by 6.3 percent of the business leaders surveyed.

Cost of Doing Business was also the he most important factor negatively impacting companies' decisions not to expand (7.5% of survey population).

The **IL Small Business Development Center** at the EigerLab provides guidance to companies in many strategic areas including: Legal structure, Sales and Marketing, Operations, Accounting and Finance, Commercialization, Market Research, Human Resources, Patents, Licensing, Business Planning.

To Learn More About How the IL SBDC Can Help Your Business Reduce Cost and Improve Profitability

Contact Brian McIntyre, Director of Rock Valley College SBDC at

815-921-2081 or b.mcintyr@rockvalleycollege.edu

- ⇒ In addition to being a top area of concern for business leaders, **Availability of Skilled Workforce** was also the most cited potential barrier to growth **with 12.5 percent of the survey population identifying some form of distress regarding skilled labor.**

Resources for Easing the Difficulty of Finding, Recruiting, and Retaining Talent

- ⇒ The **Workforce Connection** is a partnership of state and federally funded employment and training programs designed to address the current and future workforce needs of employers as well as the career development needs of the workforce.

For More Information On The Workforce Connection

and how their services can assist with the workforce development needs of your business visit:

[\[www.theworkforceconnection.org\]](http://www.theworkforceconnection.org).

- ⇒ **[ILJobLink.com]** is a no cost, self-service job matching system for job seekers and employers. IL Job Link also leverages all the business services provided by The Workforce Connection.

- ⇒ Creating **Better Job Profiles** can increase the likelihood of finding a candidate who can successfully fill a position while decreasing the likelihood of over-looking candidates that would be a good fit.

O*NET is an online resource [\[www.onetonline.org\]](http://www.onetonline.org) that provides detailed job profiles for virtually every occupation. These job profiles allow employers to identify national standards for job descriptions, qualifications, education requirements, desired skill sets, and competitive wage standards for positions they are seeking to fill.

This allows hiring managers to set realistic search criteria for a position and modify those criteria based on the unique characteristics that a company values most.

Best Practices

Business leaders in our region acknowledged substantial gains in employee productivity, recruitment and retention because of facility improvements. These improvements include upgrades in lighting, installing windows that allow for more natural light, organizing work areas, and improving heating and cooling systems.

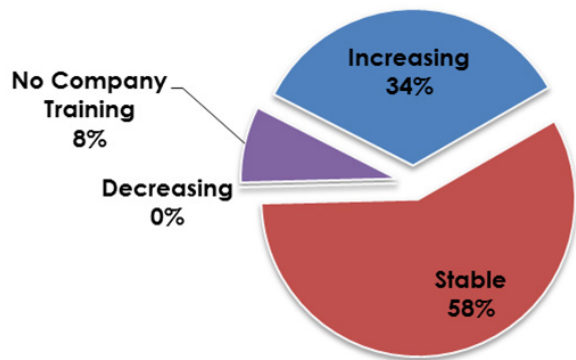
- ⇒ ComEd and Nicor offer a variety of **energy savings incentive programs** for companies within their service territory that are looking to invest in efficiency and facility improvements.

To Learn More About Incentives For Implementing Energy Savings and Facility Improvement Plans

visit www.comed.com/business-savings as well as [\[www.nicorgasrebates.com/commercial\]](http://www.nicorgasrebates.com/commercial).

- ⇒ In addition to traditional incentive packages that attract employees such as health benefits and competitive wages, investing in **employee training** [i.e. formal on-the-job training, self-assessment tools, and tuition/training reimbursement programs] is a successful strategy for retaining quality employees and establishing a culture of continuous improvement.

Investment in Employee Training

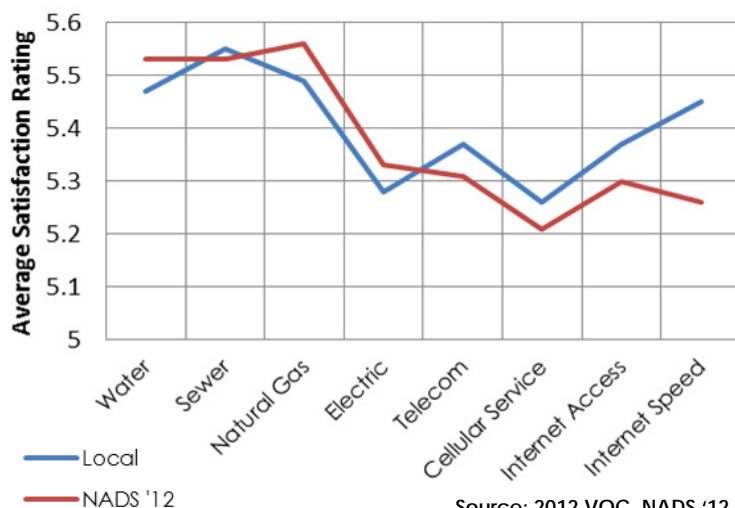


Source: 2012 VOC

Community Services and Utilities

On a scale of 1 (low) to 7 (high) all local utility services were rated well above average (at least 5.2).

Utility Services Assessment



Source: 2012 VOC, NADS '12

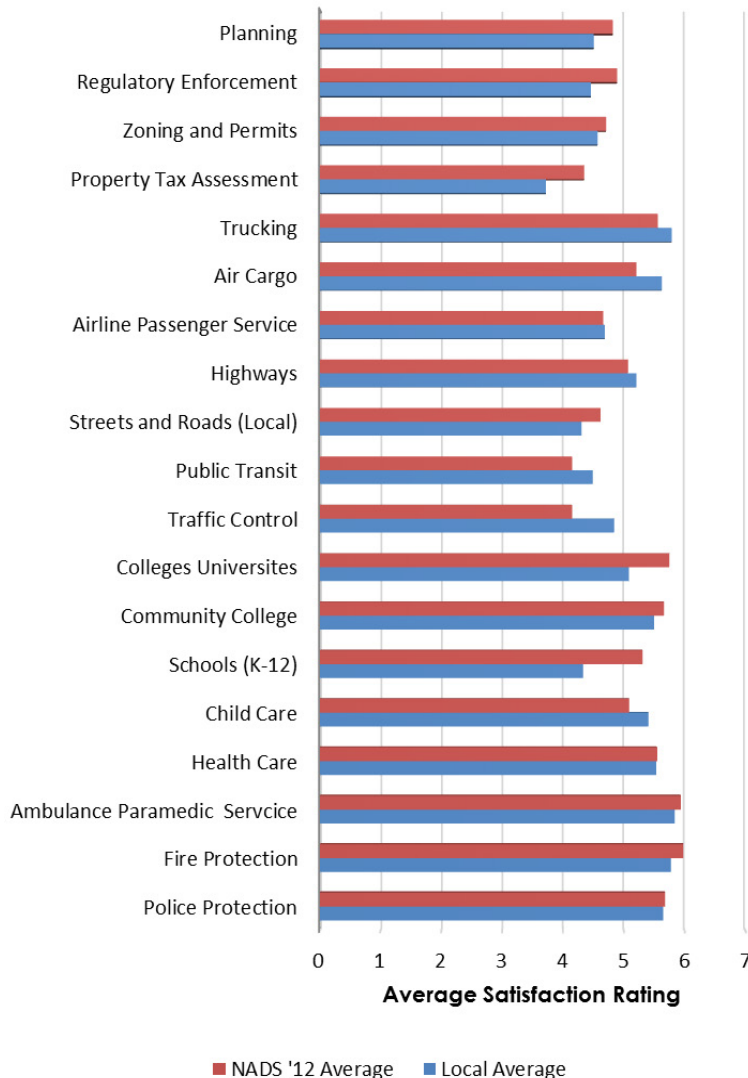
The vast majority of community services were rated satisfactory to above average by business leaders as well. One community service that stood out as being below average in satisfaction was Property Tax Assessment.

Would You Like To Learn More About Illinois' Property Tax System?

A comprehensive overview of how Illinois Property Tax works can be found at

www.tax.illinois.gov/publications/localgovernment/ptax1004.pdf

Community Services Assessment



Source: 2012 VOC, NADS '12

Concluding Remarks

The Rockford Area Economic Development Council extends a **special thanks to all past and current year Voice of the Customer survey participants**. For more information on Voice of the Customer please contact Terrance Hall at 815.969.4258 or THall@RockfordIL.com.

If you would like to schedule a visit with your company or know of a company that would benefit from being a part of the VOC please contact Bea Miller at 815.969.4255 or BMiller@RockfordIL.com.

For more information on any of the topics covered or how the RAEDC can be a resource to your company, contact us or visit rockfordil.com.

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